

## Business Management Assessment ToolTips

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<b>Contractor:</b>	For the purposes of this form, “ <b>Contractor</b> ” is an individual or legal entity that has entered into a legal, binding agreement with the Missouri Department of Health & Senior Services (MDHSS) to operate under the authority of 7CFR 226— Child and Adult Care Food Program or 7CFR 225— Summer Food Service Program.
<b>Responsible Individual:</b>	An individual who has final administrative and financial responsibility for operating the Federal program under agreement with the Missouri Department of Health and Senior Services (MDHSS). This individual has signature authority for Child and Adult Care Food Program (CACFP) and/or Summer Food Service Program (SFSP) operations and will be held responsible for any determination of serious deficiency in the operation of the Program.
<b>Financial Contact:</b>	The Financial Contact is responsible for maintaining a system of complete, accurate, timely financial records in the operation of the Child and Adult Care Food Program (CACFP) and/or Summer Food Service Program (SFSP).

- (17) A non-Federal entity (Contractor) that expends \$750,000 or more in Federal funds during the Contractor's fiscal year must have a Single Audit or Program-Specific Audit conducted for that year in accordance with 2CFR 200 Subpart F - Audit Requirements. A Program-Specific Audit is allowed when the Contractor receives and expends Federal funds from only one Federal fund source and when there are no specific Program requirements for a financial statement audit of the Contractor's financial management system (2CFR 200.507). The Contractor's auditor can answer if audits performed for the past 3 fiscal years were Single or Program-Specific Audits.
- (18) The Contractor's financial management system or methodology must provide for the following: Identification, in its accounts, of all Federal funds received and expended and the Federal programs under which they were received. Funds identification must include the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity (MDHSS); Records that identify adequately the source and application of funds for Federally-funded activities; Effective control over, and accountability for, all funds, property and other assets. The Contractor must adequately safeguard all assets and assure that they are used solely for authorized purposes; Comparison of expenditures with budget amounts for each Federal fund source; Written procedures for determining the allowability of costs. (2CFR 200.302(b))
- (19) The Contractor's financial management system or methodology must be capable of identifying pass-through funds received from DHSS. This information can be found in the DHSS contract documents. An elaborate computer system is not required to track the information; however, it must be stored in some manner that permits reporting of expenditures with these elements. If the information is not available, this will result in a high risk determination.
1. The CFDA is a directory of the various Federal programs, projects, services and activities that offer financial and nonfinancial assistance and benefits the American public. The role of the CFDA is to disseminate Federal domestic assistance program information, and to assist users in finding programs that meet certain objectives of prospective applicants.
  2. A FAIN is a Federal Award Identification Number (e.g., R01CA987654) similar to the NIH Grant Number (e.g., 1-R01-CA987654-01). According to OMB Federal Register Notice published on September 14, 2010, a FAIN is used to identify new Federal grants and cooperative agreements that are subject to executive compensation and subaward reporting, and differentiates these awards from other awards or obligating actions that provide additional funding under continuing awards funded in prior fiscal years.
  3. This is the name of the Federal agency (i.e., Department of Agriculture) that originally

- awards the funds to grantees like the Missouri Department of Health and Senior Services.
4. Name of the pass-through entity (i.e., Missouri Department of Health and Senior Services).

- (20) Recipients of Federal funds (Contractor) must apply cost principles in its financial management system in accordance with 2CFR 220 Subpart E - Cost Principles. The Contractor must determine the allowability and allocability of costs in the operation of the Federal Program based on the principles of necessity, reasonableness and consistency in the operation of the Program and in meeting Program goals. Costs must be adequately documented according to written procedures for timely, accurate recording consistent with agency regulations and contract terms and conditions.
- (21A) Ethics and professional conduct: The Contractor must maintain a written code of standards of conduct which shall govern the performance of their officers, employees or agents engaged in the award and administration of contracts supported by Program payments. (7CFR 226.22(d))
- (21B) Personnel: Position descriptions; the recruiting and hiring process; pay scales and compensation; fringe benefits; timekeeping methods; and termination policy.
- (21C) Accounting transactions: Timely recording of transactions and determination of the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles, agency regulations, and contract terms and conditions.
- (21F) Property and equipment: Equipment records; inventory and control requirements; maintenance procedures; and disposition procedures.
- (21G) Records retention: All financial records related to the operation of the Program must be retained for a period of three years after the date of submission of the final claim for the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the end of the three year period for as long as may be required for the resolution of the issues raised by the audit.
- (21H) Purchasing/Procurement: Establishes internal controls and includes codes of conduct, competition, purchasing procedures, cost and price analysis, and purchasing records.
- (22) The Contractor must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in purchasing and procurement for the Contractor's organization according to 2CFR 200.318. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal funding if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of those individuals, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the Contractor may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Contractor's organization.
- (23) The Contractor must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in purchasing and procurement for the Contractor's organization according to 2CFR 200.318. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal funding if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of those individuals, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the Contractor may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Contractor's organization.

- (27) One component of internal control standards is the assignment of key steps in processing transactions to different individuals in an organization. Mark Yes if your organization has assigned each of the listed tasks to separate personnel.
- (28) The Contractor's basis of accounting is the method used to report revenue and expense transactions in its accounting system and financial statements. The basis of accounting can be found on the Contractor's most recent audit report. If you are unsure which accounting basis is used, contact your accountant.
1. Accrual Basis: Expenses and income are consistently reported when the expense or income is incurred.
  2. Cash Basis: Expenses and income are consistently reported when paid or received.
  3. Modified Cash Basis: Certain expenses and income are reported on an accrual basis while others are reported on a cash basis.